

# **ATTACHMENT 3**



Pacific Gas and  
Electric Company®

August 4, 2011

City Manager  
City of San Jose  
200 E. Santa Clara St/Tower 17th Flr  
San Jose, CA 95113

Subject: 2011 Rule 20A Allocation & Work Credit Status

Dear City Manager,

The purpose of this letter is to update you on your community's Rule 20A Electric Underground Work Credit Balance. The table below shows your Rule 20A Work Credit Balance as of July 1, 2011. This balance reflects closed projects and amounts committed for projects with an underground conversion resolution adopted prior to July 1, 2011, the details of which are provided on the attachment.

<u>Work Credit Status</u>	
Account Balance as of 01/01/2010	\$50,818,367
Projects Closed (1/1/10 through 12/31/10) *	\$ 0
Account Balance as of 12/31/2010	\$50,818,367
2011 Allocation	\$2,237,828
Adjustment	\$726,868
Account Balance as of 07/01/2011	\$53,783,062
Committed Amounts *	-\$44,761,259
Adjusted Balance as of 07/01/2011	<u>\$9,021,804</u>

Expressed in dollars, the amounts listed above represent the value of work credits that apply only to qualified, public interest underground conversion projects pursuant to Rule 20A.

As with all major capital projects, when your community passes a resolution approving an underground district, it is categorized with other Rule 20A projects in the queue. At a company level, the actual budget and resources to do this work is prioritized with all other PG&E work. PG&E's first priority is maintaining overall electric system reliability to serve our customers. For example, customer service reliability projects receive higher priority and include repairing damaged lines and poles caused by storms, upgrading the electric capacity of the system, and connecting new customers. This means that while your underground project is important, we may not immediately be able to begin work after you have passed a resolution. For this reason, advance project planning is important. Also, Rule 20A underground conversion projects are complex, involving coordination with the community, PG&E, and other utilities, and includes complicated engineering to ensure that existing overhead systems remain operable until the moment of cut-over. Again, advance planning with the community and all affected utilities is critical to success.

PG&E has recently performed a thorough review of our Rule 20A Ledger records. As a result of that review, there were discrepancies found with some account balances. PG&E has shared the results of this review and the corrective action with the CPUC, and has received concurrence. Your ledger has now been adjusted to represent your true allocation balance.

PG&E values its partnership with your community and we look forward to developing a plan that works for both of us. If you have any questions regarding your Rule 20A Work Credit Status, or if your community wants to discuss pending Rule 20A projects or potential future projects, please contact Sidney Pogatchnik, your Rule 20A Program Liaison, at (805) 440-3275.

Sincerely,

SINDY MIKKELSEN  
Principal Program Manager - Rule 20A Program

cc: Public Works Director

\* See attachment for details



**Project Details: SAN JOSE**

**Projects Closed (1/1/10 through 12/31/10)**

Project Name	Value
<b>Total Projects Closed</b>	<b>\$0</b>

**Committed Amounts (Current Forecast Value)**

Project Name	Current Forecast
Monterey Road, San Jose	-\$3,466,298
Camden Ave	-\$2,101,054
Evergreen Park	-\$2,180,219
Guadalupe Gardens, Ph 1	-\$953,750
Guadalupe Gardens, Ph 2	-\$5,042,196
Stevens Creek Blvd	-\$774,721
Jackson/Taylor	-\$3,388,604
Park/Naglee	-\$7,810,937
Market/Almaden	-\$4,468,401
Delmas/Park Avenues	-\$2,908,067
White Road	-\$1,031,225
Aborn Road	-\$3,239,423
Tully Road	-\$3,008,789
Coleman Ave	-\$2,400,194
Coleman Ave Ph2	-\$1,987,381
<b>Total Committed Amounts</b>	<b>-\$44,761,259</b>